

the **BAKER-**
RAULANG *Co.*



1951 annual report



↑ THIS END UP ↑
USE NO HOOKS

↑ THIS END UP ↑
USE NO HOOKS

↑ THIS END UP ↑
USE NO HOOKS

↑ THIS END UP ↑
USE NO HOOKS

THE STORY

in brief

	1951	1950
NET SALES	\$6,179,839.00	\$3,349,393.00
TAXES	523,354.00	126,560.00
NET PROFIT	362,223.00	187,410.00
UNFILLED ORDERS (December 31)	2,641,676.00	1,137,903.00
EARNINGS (Per Common Share)	4.13	2.00
DIVIDENDS (Per Common Share)60	.15
NET WORKING CAPITAL	3,113,878.00	1,900,413.00
LONG TERM DEBT OUTSTANDING	1,200,000.00	140,000.00
PREFERRED STOCK OUTSTANDING	594,300.00	606,700.00
NET WORTH	3,577,231.00	3,160,877.00
BOOK VALUE (Per Common Share)	36.71	32.26

OFFICERS

and directors

BOARD OF DIRECTORS

WILLIAM A. BAUER, *Chairman*

A. DOUGLASS HALL
Financial Vice President
The Diamond Match Company

JOSEPH JOINER, Jr.
Vice President
Maritime Petroleum Corporation

GEORGE MILLER
President
Strong Cobb & Company

JAMES W. MORAN
President
Baker-Raulang Company

WESLEY A. STANGER, Jr.
Partner
Riter & Company

FRED R. WHITE, Jr.
Vice President
Oglebay Norton & Company

OFFICERS

JAMES W. MORAN *President and Treasurer*
EDWIN W. SANKEY *Vice President*
GERALD B. DAVIS *Vice President*
JOHN A. MATOUSEK *Vice President*
EDWARD H. REMDE* *Vice President*
CHARLES N. SUMWALT, Jr. *Vice President*
ERNEST J. SCOVIL *Secretary and Controller*
GEORGE A. BAKER *Assistant Secretary*

**In advisory capacity due to partial retirement.*

GENERAL COUNSEL

MILLER, DAVIS & FOLK • Cleveland, Ohio

AUDITORS

ERNST & ERNST • Cleveland, Ohio

to the

SHAREHOLDERS AND EMPLOYEES:

Nineteen fifty-one marked a great stride forward in the Baker-Raulang Company's progress toward becoming the substantial industrial enterprise that we feel it is destined to be. It was a year that saw new highs established in production and sales of industrial trucks.

The generally high level of business activity, together with increased defense spending by the various government agencies, were important contributing factors to our 1951 total sales of \$6,179,839.36, which was an increase of \$2,830,445.37 over the 1950 period.

A large share of the credit for this gain, however, must go to our strengthened sales organization, modernized production techniques and expanded promotional activities.

To strengthen further the company's position, in October, 1951 a number of new directors were chosen in order that the board might more nearly represent the owners of the common shares outstanding. The new directors' experience in business will bring to our company invaluable knowledge of finance, production and marketing. William A. Bauer was elected chairman; other new members include Joseph Joiner, Jr., A. Douglass Hall, George Miller and Wesley A. Stanger, Jr.

Other important changes were made in the executive staff to fortify and coordinate the sales, production and engineering departments. Edwin W. Sankey was named Vice-President and Assistant to the President, Gerald B. Davis became Vice-President of Sales and John A. Matousek was named Vice-President of Manufacturing. Early in 1952, Charles N. Sumwalt, Jr., was appointed Vice-President in Charge of Sales for the Eastern Division and for national account promotion. R. Thomas Willson was named Advertising and Sales Promotion Manager.

To widen investor interest in your company's common shares—and in order to qualify for listing on the national securities exchanges, the Board of Directors decided in 1951 to declare a 100% dividend on common shares. This decision, which was announced in February, 1952, and the concurrent increase of authorized com-

mon shares from 100,000 to 300,000 will also provide greater flexibility in financing future capital requirements. They are primary efforts of the new Board for long-term development and growth of the company.

The expanding production schedules mentioned above, and described in detail later, necessitated the establishment of a loan to provide larger working capital for inventory requirements. Accordingly, on December 31, 1951, your company entered into an agreement for the establishment of credit in the maximum principal amount of \$1,500,000 (see note B).

It should be noted, however, that the relative amount of inventory is expected to be somewhat reduced in the future as the benefits of large scale production are realized—and as a consequence of more satisfactory delivery positions of the vendors supplying the company with materials and parts.

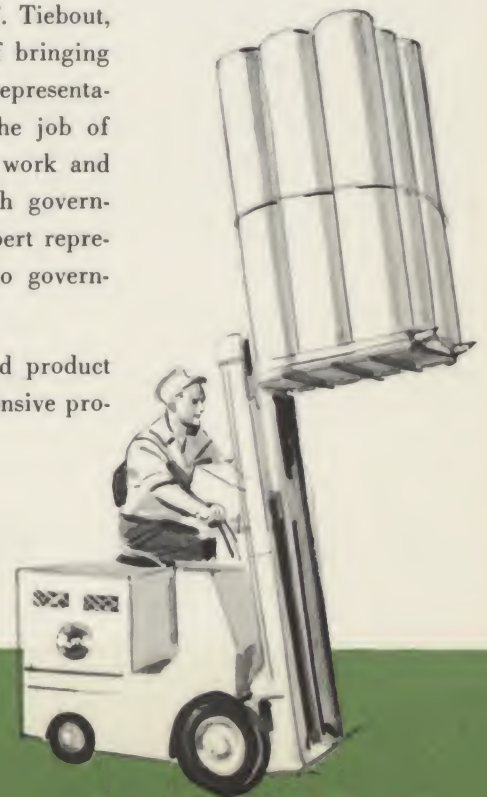
Your company's ratio of current assets to current liabilities was 3.4 to 1 on December 31, 1951.

SALES

Emphasis in 1951's sales activities was on the strengthening of our competitive position through increased co-operation between the factory and our dealer organizations, and through intensive investigation of industrial truck markets.

Two field service engineers, Alfred E. Dorod and Richard T. Tiebout, were appointed to the Baker sales department as a means of bringing about closer co-ordination of our commercial and government representatives with the Baker plant. Mr. Dorod has been assigned the job of working with our dealers on special consulting engineering work and application specialties. Mr. Tiebout is working closely with government agencies in an effort to provide your company with expert representation in the complex pre-sales negotiations necessary to government selling.

To provide a guide for the company's sales, advertising and product development activities the sales department has begun an extensive pro-



gram of product and market research. It is expected that this activity will pinpoint competitive conditions, general trend of business activity, new markets for our equipment and new product opportunities.

Plans were made in 1951 for the establishment of an Eastern Division sales headquarters in New York City. This office will supervise sales activities for the Atlantic Seaboard and will spend much of its time on the development of national accounts, many of whose headquarters are in or near New York City.

Added sales potential for our line of equipment is expected in the latter part of 1952 via special financing plans.

ENGINEERING

Product design, development and research cannot be overemphasized in any attempt of your company to grow and improve its competitive position.

While major changes were effected on most popular capacities of Baker trucks only a short time ago, we are continuing refinements on them and accomplishing major redesign on others.

Introduction in 1951 of our Model FS, 2,000 lb. fork truck highlighted our engineering accomplishments for the year. This model, because of its vastly superior operating and performance features—as compared with other make trucks of the same capacity—was an immediate success.

Underway at present is a complete redesign of our line of platform trucks. Ultimate aim of this project is cost reduction in manufacturing. Increased standardization of parts throughout the several models is another goal. This will, of course, also help to minimize inventories. Careful selection of certain capacities to be manufactured, guided by sales analysis, will assure that we will produce only the platform trucks that have a ready market.

Development work on light-capacity fork trucks is also in progress. Primary purpose of this work is to re-establish our pre-eminence in the light-capacity lines established when Baker pioneered these models several years ago.



Although your company is even now shipping gasoline-powered fork trucks to the armed forces, we are not satisfied that these trucks which were built to military specifications will be competitive with other manufacturers' commercial models. We are thoroughly investigating the potential market for our current gas truck model, and are simultaneously working on the development of new types of propulsion units and power transmission systems which we believe will be superior to competitive makes.

Other engineering developments during the year included a host of new attachments for industrial trucks, intended to widen the scope of application of these trucks and to increase their value as an integral production tool. Widespread interest in simple, inexpensive attachments that turn the industrial truck into a multiple-purpose machine has convinced us of the need for an accelerated program. By designing special attachments for an increasingly wide range of specific handling jobs, we expect to interest more and more industries in the cost-reduction possibilities of the fork truck, and in our units specifically.

PRODUCTION

A continuing study and revision of our production techniques during 1951 resulted in improved methods which not only made possible increased output, but also brought about higher manufacturing efficiency and lower costs.

These improvements in production were largely responsible for our gain in monthly shipments: during the last half of 1951, the number of units shipped increased 16% over the number shipped during the first six months of the year.

At the same time, operating efficiency in the plant rose 10% to an average figure of nearly 94%, reflecting the comparison of actual performance to standard rated work hours for men and machines.

Some of the credit for this stepped-up efficiency goes to the adaptation of our metalworking machinery for tungsten carbide cutting tools. This conversion from steel to carbides speeded production as high as 33% per machine. Other oper-



ating improvements included a change from radial drilling of holes to punch pressing on many of our truck sections. This has led to faster operations at lower cost and obviated the need for new equipment previously thought necessary.

While shipments during 1951 tied the previous company record for shipments of industrial trucks and tractors, preliminary estimates for 1952 indicate a further substantial gain of over 50% providing the current level of new business holds firm.

New production equipment ordered early in 1951 has just started to arrive at the plant, and it is expected that this completely modern equipment will further improve efficiency and curtail factory costs.

LABOR RELATIONS

Baker has for many years maintained an enviable record for amicable relations with its employees. Management is working closely with labor leaders to continue this relationship.

During 1951, hourly-rated employees in the plant agreed on a non-contributory pension plan advanced by management. This plan is awaiting approval of the government agencies involved. A more liberal vacation plan, offering three weeks paid vacation to those employees with 15 years' seniority is also waiting approval by the government.

In accordance with the provisions of the labor agreement in force, cost-of-living increases have been granted to workers as a hedge against the diminishing buying power of the consumer dollar. A new agreement to be arrived at in 1952 will probably follow the same general pattern.

Concrete evidence of the labor-management cooperation at Baker is the increase in productivity during the last 14 months. Efficiency on the production line showed an upswing of almost 10% during this period. While certain of this increase is due to better methods and procedures, it would have been unattainable without the assistance of the employees in the factory.

The growth of new aircraft and similar defense industries in Cleveland with higher



wage scales than we are permitted to offer has presented some problems to the management; but a continued high level of business activity with resultant extended weekly work schedules will help meet this challenge. Also, the growing belief that Baker offers more attractive, long term opportunity and employment is an aid in meeting the challenge.

outlook for 195?

The general outlook for future business, predicated on the basis of usually reliable indicators, is attractive. However, unforeseeable changes in the national economy could alter this prospect.

In any event, it will be the continuing policy of your company to strive for progressive long-term development and growth; to emphasize product engineering; to widen the marketing scope with new products; and to improve constantly our competitive position.

We will concentrate similarly on improving our sales organization, marketing methods and service aids. Improved operating efficiency will be another of our constant aims.

All shareholders, present and future, are invited to contact the company officers in relation to financial or operating questions that may arise.

We would welcome advice regarding possible business opportunities in which the individual shareholders might be able to assist the company.

William A. Bauer

William A. Bauer
For the Board

James W. Moran

James W. Moran
For the Officers



AUDITORS'

certificate

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

CLEVELAND

UNION COMMERCE BUILDING
DELIVERY ZONE 14

AKRON
ALBANY
BALTIMORE
BIRMINGHAM
BOSTON
BUFFALO
CANTON
CHICAGO
CINCINNATI
CLEVELAND
COLUMBUS
DALLAS
DENVER
DETROIT
EAST
FORT WORTH
GRAND RAPIDS
HOUSTON
INDIANAPOLIS
KANSAS CITY
LOS ANGELES
LOUISVILLE
MEMPHIS
MIAMI
MINNEAPOLIS

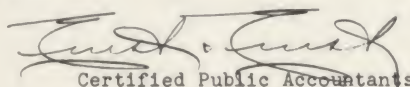
NEW ORLEANS
NEW YORK
PHILADELPHIA
PITTSBURGH
PORTLAND ME
PROVIDENCE
REAR
RICHMOND
ROCHESTER
ST LOUIS
ST PAUL
SAN ANTONIO
SAN FRANCISCO
SEATTLE
TOLSON
WASHINGTON
WINSTON SALEM
YOUNGSTOWN
TORONTO, CANADA
CORRESPONDENT AT
LONDON
CABLE ADDRESS
"ERNSTAUDIT"

Board of Directors,
The Baker-Raulang Company,
Cleveland, Ohio.

We have examined the balance sheet of The Baker-Raulang Company as of December 31, 1951, and the related statements of profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except as referred to in the next paragraph.

Inventories are included in the financial statements at the aggregate amounts of the general ledger balances at December 31, 1951. No physical inventories had been taken since December 31, 1950; consequently, we were unable to make the usual test observations of such inventory taking. Inventories increased approximately \$1,430,000.00 for the year and while the transactions through the general ledger control accounts, which we reviewed, appeared to be in accordance with past practices, we were unable to satisfy ourselves by other means as to the amounts at which inventories are stated.

Except to the extent that the financial statements are affected by the inventory amounts at December 31, 1951, upon which we are unable to express an opinion, the accompanying balance sheet and statements of profit and loss and surplus, in our opinion, present fairly the financial position of The Baker-Raulang Company at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


Certified Public Accountants

Cleveland, Ohio
March 5, 1952

1951

BALANCE SHEET**DECEMBER 31,****ASSETS****CURRENT ASSETS**

Cash	\$ 493,246.34	
Trade accounts receivable, less allowance of \$3,000.00		941,698.89
Inventories (cost—first-in, first-out basis) :		
Finished products	\$ 39,474.30	
Service parts	491,968.88	
Orders in process and sub-assemblies	1,980,752.02	
Raw materials	469,908.89	2,982,104.09
TOTAL CURRENT ASSETS		<u>\$4,417,049.32</u>

OTHER ASSETS

Cash on deposit for purchase of preferred shares—Note A	\$ 29,901.13	
Mutual insurance deposits	21,263.96	
Pension fund deposit and sundry receivables	5,605.68	56,770.77

PROPERTY, PLANT, AND EQUIPMENT—at cost (including \$215,263.47 for fully-amortized emergency facilities) less allowances for depreciation and amortization

Land	\$ 185,781.24	
Buildings, machinery, equipment, etc.	\$2,152,844.72	
Less allowances for depreciation and amortization	996,628.90	1,341,997.06

PATENTS AND GOOD WILL		1.00
---------------------------------	--	------

DEFERRED CHARGES

Small tools and factory supplies	\$ 59,282.59	
Prepaid insurance and other deferred charges	5,301.73	64,584.32
		<u><u>\$5,880,402.47</u></u>

NOTES TO FINANCIAL STATEMENTS

Note A—Whenever a cash dividend is paid on common shares there shall be set aside in a sinking fund for the purchase for retirement of preferred shares an amount equal to at least one-half but not in excess of the aggregate amount of such dividend. During the year 1951, the amount of \$24,032.90 was deposited in such fund; however, 124 shares of preferred stock aggregating \$10,704.50 were acquired out of the general funds of the Company.

Note B—The Company entered into an agreement dated December 31, 1951, with two banks for the establishment to October 1, 1952, of credit

in the maximum principal amount of \$1,500,000.00. Under the provisions of the agreement, the Company, on October 1, 1952, may convert \$1,400,000.00 of such loan to a term loan basis with required quarterly installments of \$100,000.00 each commencing January 1, 1953. The agreement includes, among other things, restrictions on borrowings and dividends and requirements for maintenance of working capital. Dividend payments may not exceed 50% of net profit in any one year.

Note C—Effective February 6, 1952, the Company's Amended Articles of Incorporation provided for the authorization of 300,000 shares of com-

LIABILITIES, CAPITAL STOCK, AND SURPLUS

CURRENT LIABILITIES

Current portion of long-term debt—Note B	\$ 200,000.00
Trade accounts payable	441,961.22
Salaries, wages, and pay roll taxes	72,299.34
Accrued local taxes	24,195.24
Dividend on preferred stock—payable quarterly beginning January 7, 1952	29,715.00
Federal taxes on income and refunds on contracts subject to profit limitations—estimated	535,000.00
TOTAL CURRENT LIABILITIES	\$1,303,170.80

LONG-TERM DEBT—Note B

Notes payable to banks	\$1,200,000.00
Less portion classified as current	<u>200,000.00</u>
	1,000,000.00

CAPITAL STOCK AND SURPLUS—Notes B, C, and D

Capital stock:

Preferred stock, \$5.00 cumulative if earned, par value \$100.00 per share, redeemable at \$105.00 per share and accumulated unpaid dividends:	
Authorized 7,500 shares; issued 7,443 shares less 1,500 shares retired	\$ 594,300.00
Common stock, par value \$1.00 per share:	
Authorized 100,000 shares; issued and outstanding 80,443 shares	80,443.00
	<u>\$ 674,743.00</u>

Surplus:

Capital surplus	\$ 577,194.88
Earned surplus—since July 1, 1936:	
Appropriated for future possible losses in inventories \$ 112,000.00	
Unappropriated	<u>2,213,293.79</u>
	<u>2,325,293.79</u>
	<u>2,902,488.67</u>
	<u>3,577,231.67</u>
	<u>\$5,880,402.47</u>

mon stock, par value \$1.00 per share. On the same date the Board of Directors of the Company declared a 100% stock dividend payable March 15, 1952, and authorized that upon issuance of such shares the sum of \$80,443.00 be transferred from capital surplus to stated capital.

Note D—For the purpose of making shares available for the Employees' Share Option Plan the shareholders on February 28, 1951, released 21,757 shares of the Company's authorized but unissued common stock from pre-emptive rights. During the year 2,200 shares were purchased by employees under options given and at December 31, 1951, 19,557 shares are reserved under such plan of which 4,000 shares are subject to stock options

granted to certain officers on October 2, 1951, at \$22.00 per share.

Note E—On February 12, 1952, the Company executed an agreement effective October 1, 1951, approved by its shareholders, with the International Union, United Automobile, Aircraft and Agricultural Implement Workers of America (UAW-CIO) providing for the payment of retirement and disability benefits. The agreement provides for modification or termination of the plan on September 30, 1956. The liability at December 31, 1951, under this agreement has not been actuarially determined and accordingly no provision therefor has been made in the financial statements.

Statements of

PROFIT AND LOSS AND SURPLUS

YEAR ENDED DECEMBER 31, 1951

PROFIT AND LOSS

Net sales		\$6,179,839.36
Other income		57,592.86
		<u>\$6,237,432.22</u>
Less:		
Cost of goods sold	\$3,916,903.05	
Other expenses:		
Sales engineering and selling expenses	1,192,705.70	
Administrative and general expenses	220,527.55	
Interest expense	11,652.58	
Provision for profit limitations—estimated	10,000.00	5,351,788.88
PROFIT BEFORE FEDERAL TAXES ON INCOME		<u>\$ 885,643.34</u>
Federal taxes on income—estimated:		
Normal tax and surtax	\$ 450,000.00	
Excess profits tax	75,000.00	
Adjustment for prior year	1,645.54*	523,354.46
NET PROFIT		<u><u>\$ 362,288.88</u></u>

Depreciation allowance of property, plant and equipment included above amounts to \$88,262.38.

See notes to financial statements.

*Indicates red figure.

SURPLUS

CAPITAL SURPLUS

Balance at January 1, 1951	\$ 547,449.38
Add:	
Excess of proceeds over par value of 2,200 shares of common stock sold under Employees' Share Option Plan	\$ 28,050.00
Excess of par value over cost of 124 shares of preferred stock purchased and retired	1,695.50
CAPITAL SURPLUS AT DECEMBER 31, 1951	<u>29,745.50</u>
	<u>\$ 577,194.88</u>

EARNED SURPLUS (since July 1, 1936)

Appropriated for future possible losses in inventories	\$ 112,000.00
Unappropriated:	
Balance at January 1, 1951	\$1,928,484.46
Add net profit	362,288.88
	<u>\$2,290,773.34</u>
Deduct dividends declared:	
On preferred stock—\$5.00 per share	\$ 29,715.00
On common stock—\$.60 per share	48,065.80
	<u>\$ 77,780.80</u>
Less unpaid portion of dividend declared in prior year but not required to be paid on preferred stock purchased during the year 1951	301.25
	<u>77,479.55</u>
EARNED SURPLUS AT DECEMBER 31, 1951	<u><u>\$2,213,293.79</u></u>
	<u><u>\$2,325,293.79</u></u>

See notes to financial statements.

as we approach

OUR 100th YEAR

Back in 1853, The Rauch & Lang Company started hand-building fine carriages for Clevelanders who wanted the best. These were made until almost the turn of the century, when the horseless carriage won out. R & L quickly converted to fine electric autos of similar quality.

About this time the Baker Electric was a very popular automobile—the first to have a closed body and a direct transmission. It had been developed by Walter Baker, a Cleveland engineer who made automotive history in 1901 when he startled the world by driving his "Torpedo" at 104 miles per hour.

Baker joined with R & L shortly before World War I and was asked by the government to concentrate on electric industrial vehicles. The company has been producing them ever since. As American production soared, Baker designed newer and better mechanical handling equipment to increase production and lower unit cost.

As a leading industrial truck manufacturer, Baker-Raulang today makes important contributions to America's industrial might. We are growing with industry. We intend to further expand, relying on modern production techniques seasoned with a healthy, old-fashioned regard for custom quality.



1951 Model FS Fork Truck



1923 First Ram Truck



1917 First Industrial Truck



1901 The Baker Torpedo

a complete line of industrial trucks and cranes

.. an attachment for every special handling job



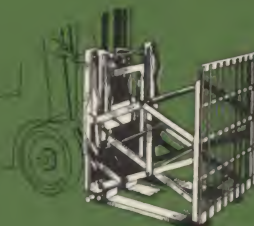
LIGHT CAPACITY FORK TRUCK



LOAD ROTATOR



INTERMEDIATE FORK TRUCK



HYDRAULIC PUSHER



BALE CLAMP



CRANE TRUCK



SHOVEL SCOOP



HEAVY-DUTY FORK TRUCK



LOW-LIFT TRUCK



CRANE BOOM

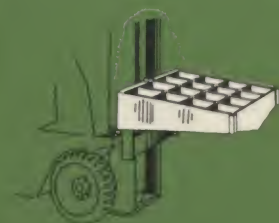


HI-LIFT TRUCK



PAPER ROLL CLAMP

the BAKER - RAULANG *Co.*
1250 West 80th Street, Cleveland, Ohio



CYLINDER CARRIER



FREIGHT CARRIER



SCISSORS CLAMP



EXTRA DUTY TRUCK